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IN THE

Supreme Court of the United States

BAY AREA RAPID TRANSIT SYSTEM,
Petitioner,

vs.

PAPERLESS ACCOUNTING, INC.,
Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

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QUESTIONS PRESENTED

This petition presents the following questions:

1. Does not the decision of the Federal Circuit, which fails to bind a patent applicant to written statements and acquiescent conduct made by the applicant and his attorney during the application process and evidenced in the patent file history, conflict directly with the pronouncements of this Court in *Leggett v. Avery*, 101 U.S. 256 (1879), *Schriber Co. v. Cleveland Trust Co.*, 311 U.S. 211 (1940) and *Graham v. John Deere Co.*, 383 U.S. 1 (1966); the First Circuit in *Borg-Warner Corp. v. Paragon Gear Works, Inc.*, 355 F.2d 400 (1st Cir. 1965); the Sixth Circuit in *Kaiser Industries Corp. v. McLouth Steel Corp.*, 400 F.2d 36 (6th Cir. 1968); and the previous ruling of the Federal Circuit in *Litton Systems, Inc. v. Whirlpool Corp.*, 728 F.2d 1423 (Fed. Cir. 1984)?

In the resolution of this first question, the Court will be presented with this subsidiary question:

> Should not this Court affirm that the public is entitled to rely in all cases on documented acts of admission and acquiescence by a patentee in the course of obtaining grant of a patent?

2. Is not the decision of the Federal Circuit, which fails to differentiate between the disclosure requirements for patent applications imposed by 35 U.S.C. section 112 and the standard of disclosure necessary to anticipate under 35 U.S.C. sections 102(b) and (d), in direct conflict with the pronouncements of this Court in *Cohn v. United States Corset Co.*, 93 U.S. 366 (1876); the Court of Customs and Patent Appeals in *In Re Hafner*, 410 F.2d 1403 (C.C.P.A. 1969); and the Second Circuit in *Struthers Scientific & Int. Corp. v. Rappl & Hoenig Co., Inc.*, 453 F.2d 250 (2d Cir. 1972)?

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INTRODUCTORY PRAYER

Petitioner requests that this Court grant certiorari and reverse the decision of the Federal Circuit Court of Appeals.

JURISDICTION

The judgment of which review by this Court is sought was entered on October 28, 1986. This Court has jurisdiction by virtue of 28 U.S.C. § 1254(1).

THE CONSTITUTION PROVISIONS, STATUTES AND RULES INVOLVED

35 U.S.C. Sections 102(b) and (d)

Conditions for patentability; novelty and loss of right to patent:

A person shall be entitled to a patent unless —

* * * * *

(b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of the application for patent in the United States, or . . .

* * * * *

(d) the invention was first patented or caused to be patented, or was the subject of an inventor's certificate, by the applicant or his legal representatives or assigns in a foreign country prior to the date of the application for patent in this country on an application for patent or inventors's certificate filed more than twelve months before the application in the United States, or . . .

35 U.S.C. Section 112

Specification:

The specification shall contain a written description of the invention, and of the manner and process of making and

using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same, and shall set forth the best mode contemplated by the inventor of carrying out his invention . . .

35 U.S.C. Section 132

Notice of rejection; reexamination:

Whenever, on examination, any claim for a patent is rejected, or any objection or requirement made, the Commissioner shall notify the applicant thereof, stating the reasons for such rejection, or objection or requirement, together with such information and references as may be useful in judging of the propriety of continuing the prosecution of his application; and if after receiving such notice, the applicant persists in his claim for a patent, with or without amendment, the application shall be reexamined. No amendment shall introduce new matter into the disclosure of the invention.

35 U.S.C. Section 134

Appeal to the Board of Appeals:

An Applicant for a patent, any of whose claims has been twice rejected, may appeal from the decision of the primary examiner to the Board of Patent Appeals and Interferences, having once paid the fee for such appeal.

Manual of Patent Examining Procedure (MPEP) Section 810

Action on the Merits:

In general, in a national application when a requirement to restrict is made, no action on the merits is given.

Manual of Patent Examining Procedure (MPEP) Section 810.02

Usually Deferred:

The office policy is to defer action on the merits until after

the requirement for restriction is complied with, withdrawn or made final.

Manual of Patent Examining Procedure (MPEP) Section 707.07(e)

Note all Outstanding Requirements:

In taking up an amended case for action the examiner should note in every letter all the requirements outstanding against the case. Every point in the prior action of an examiner which is *still applicable* must be repeated or referred to, to prevent the implied waiver of the *requirement* . . .

STATEMENT OF THE CASE

The proceeding below and the pending appeal concerns an action for patent infringement relating to United States Patent No. 3,609,300 (hereinafter "the '300 Patent") brought by plaintiff/respondent PAPERLESS ACCOUNTING, INC. (hereinafter "PAPERLESS") against defendant/petitioner BAY AREA RAPID TRANSIT SYSTEM (hereinafter "BART").

BART moved for and obtained a summary judgment under Rule 56 of the Federal Rules of Civil Procedure from the United States District Court for the Northern District of California. The district court affirmed that order on PAPERLESS' motion for reconsideration. The district court's order on PAPERLESS' motion for reconsideration was accompanied by a written decision. (App. 1a). The Federal Court of Appeals *reversed* the summary judgment in its opinion dated October 28, 1986. (App. 3a).

Claim 1 of the '300 Patent pertains to an automatic passenger fare charging device in which a token with data storage capability is received on entrance of the token user to and exit from the carrier, with a comparison being made to produce a signal reflecting the distance travelled and a charge being made on the basis of that distance and the fare rate. PAPERLESS contends that BART has infringed the '300 Patent by implementing a system having magnetic ticket stations for controlling entrance and exit at terminals in the BAY AREA RAPID TRANSIT network situated in the San Francisco area.

Petitioner's contention, which was adopted by the district court, is that the '300 Patent cannot rely on the filing date of the earlier April 16, 1957 application, Ser. No. 659,196 (hereinafter "the '196 Application") which was drastically deficient in complying with the disclosure requirements of 35 U.S.C. section 112.[1] Instead, the '300 Patent is properly assigned the later date of the Continuation-In-Part Application, Ser. No. 261,529 (hereinafter "the '529 Application"). However, well prior to the February 27, 1963 filing date of the '529 Application, which culmi-

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[1] All future section references are to Title 35 of the United States Code, unless otherwise indicated.

nated in the '300 Patent the same invention was published and patented in foreign countries, thus rendering the '300 Patent invalid under sections 102(b) and (d).

The focus of the district court on motion for summary judgment was directed towards the sufficiency of the '196 Application, which has essentially the same Claim 1 as the '300 Patent. The district court relied upon the prosecution history of the '196 Application as its primary source of facts in rendering its judgment declaring the '300 Patent invalid. The patent file history was uncontroverted by PAPERLESS and evinces the following undisputed facts:[2]

(a) *The First Office Action — April 2, 1958.*

Claim 1 of the '196 Application purports to describe the entire fare collection system claimed in the '300 Patent. After the patentee filed the '196 Application, the Patent Examiner rejected all claims as "predicated on an incomplete and insufficient disclosure." The Examiner also rejected as insufficient the entire '196 Application, including the written description to the specification, the claims and the drawings, because they constituted nothing more than "an outline of the system claimed by means of block diagrams."

The Examiner ruled that "further disclosure is required to describe the circuits used in the block diagrams." Moreover, the Examiner went on to raise serious questions with respect to the sufficiency of figures 5 and 6 to the '196 Application, which purported to describe the entry and exit gates of the same fare collection system ultimately claimed thirteen years later in the '300 Patent.[3] The Examiner further stated that it was imperative that patentee provide further disclosure, by reference to the prior art, in order to cure the deficiencies in the patent application.

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[2] Even the Federal Circuit's opinion reversing the district court's entry of summary judgment acknowledges the absence of a triable issue in the matter on appeal. Appendix, at p. 7a.

[3] It is undisputed that figures 5 and 6 to the '196 Application formed the basis of the automatic fare collection system claimed in Claim 1 of the '300 Patent. It is also undisputed that figures 5 and 6 of the '196 Application must have been adequately and specifically described if the '196 Application was to comply with the disclosure requirements of section 112.

Patentee could not controvert the Examiner's holdings with respect to disclosure deficiencies. Rather, he subsequently attempted to supplement the description of the invention claimed in his original application by filing an Amendment to Specification and drawings, dated September 22, 1958, which consisted of twelve additional and new pages of written description and eight new and different figures. Notably, six of those *new* figures were proffered by the applicant to address the Examiner's concerns about the inadequacy of the description of the fare system set forth in figures 5 and 6 of the original '196 Application.

(b) *The Second Office Action — September 4, 1959.*

The Examiner's response in the Second Office Action of September 4, 1959, to the Amendment filed September 22, 1958, was succinct and to the point:

> *The proposed sketches . . . appear to contain new matter* which is not supported by the original disclosure, and, as such, . . . would not be admissable [sic].

Moreover, in the Second Office Action, the Examiner once again cautioned:

> Applicant is again advised that in order to supply the needed disclosure to cure the defects set out in the last Office action, he must convincingly demonstrate that the elements are well known and obtainable on the open market or that there is a full disclosure thereof in patents or other publications which should be identified by a full reference thereto. Furthermore, it is incumbent upon applicant to clearly show how to incorporate such disclosures into the rest of his system as well as to clearly point out any minor changes that may be necessary in order to adapt such disclosures to his system.
>
> Applicant has not acceptably disclosed the structure within the block diagrams of the figures [5 and 6], and the circuits referred to on pages 6, 7, 8, 10 and 13 [of the original '196 Application], as required by said previous [April 2, 1958] Office action.

Consequently, as of the Second Office Action, the insufficiencies cited almost two years earlier by the Examiner in the First Office Action had still not been cured by patentee.

(c) *Patentee's Letter of Admission — March 14, 1960.*

After the Second Office Action, the Patent Office received a letter from the applicant on March 14, 1960, wherein the patentee (1) unequivocally *admitted* the propriety of the Examiner's determination of insufficient disclosure, and (2) *cancelled* from the '196 Application the very new matter which the patentee had attempted to file in order to correct the insufficiencies in the description of the fare collection system set forth in figures 5 and 6 of the '196 Application.[4]

Specifically, patentee stated in his 1960 Letter of Admission that:

> The amendatory description was *admittedly defect* in that it did not clearly show that the additional information is not new but gives only technical substance to the original information.
>
> While making this statement on the strength of the enclosures, it should not be maintained that all amendatory matter is free from the *defect* of containing one or the other new aspect or further development of the proposed invention. Where this was found to be the case, the enclosure requests the *cancellation* of the passage in relation to its intended role of clarifying the original disclosure. *However, this is done without prejudice to the possibility of separating out said "new matter" in the form of another patent application if this seemed necessary.*
>
> * * * * *
>
> *[S]ince . . . the devising of new claims with prospect of acceptance cannot be done without having reached a form of explaining the invention which was found approvable by the Office,* I propose to wait with the submission of new claims . . .
>
> * * * * *
>
> [A]ccept the supplementary disclosure . . . as being material illustrating the technical feasability [sic] of the

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[4]The March 14, 1960 letter shall hereinafter be referred to as "the 1960 Letter of Admission." The letter was included in the prosecution history, was reviewed and considered by the district court, but was not referenced in the opinion of the Federal Circuit. For the Court's convenience, the text of the letter is appended to this petition at p. 13a.

> principles described in the first disclosure of April 16, 57 [sic], but *cancel this material from the current application,* however, *without prejudice to the possibility of re-filing such parts of the above-mentioned new disclosure which cannot be proved to be known, in a new and separate patent application* with priority of the amendatory date.

See Appendix, at pp. 13a, 14a and 20a-21a (emphasis added).

Consequently, as of March 14, 1960, patentee had done nothing to correct the original deficiencies in the disclosure to the '196 Application or to resolve the concerns cited by the Examiner in the First and Second Office Actions regarding those deficiencies. Instead, patentee *cancelled* six new figures from the application, which figures by his own admission were proffered to complete the inadequate description of the invention set forth in figures 5 and 6 of the original '196 Application and to thereby show how the entire system worked.

Further, fully three years into the prosecution process, the patentee acknowledged that the "amendatory description" was "admittedly defect" and that he still had not "reached a form of explaining the invention." More importantly, the patentee conceded that the matter required to cure disclosure deficiencies was new. These written statements filed with the Patent Office constitute admissions that the '196 Application was incomplete on its face and not in compliance with the requirements of section 112.

(d) *The Third Office Action — August 25, 1961.*

The Third Office Action was made *after* patentee conceded the disclosure defects in his 1960 Letter of Admission. By Office Action dated August 25, 1961, the Examiner refused to enter the Amendment to Specification unless patentee restricted his application to one of three inventions in accordance with section 121. In response to the Examiner's request for restriction, patentee elected by letter dated February 10, 1962, to proceed with patenting only the ticket for the fare system, rather than the system in its entirety. That ticket was ultimately patented under a separate U.S. Patent which is not associated with or at issue in this litigation.

(e) *The Fourth and Fifth Office Actions.*

In the Patent Office's Fourth Office Action, on May 14, 1962,

each of patentee's elected claims on the ticket was rejected as "indefinite." Patentee then associated counsel to prosecute his claim. Patentee's attorneys redefined the ticket in order to "overcome the objections as to indefiniteness" and to "more clearly define patentably [sic] over the Knutsen Patent."

The Patent Office's Fifth Office Action on August 27, 1962, rejected patentee's attorneys' additional claims and made the rejection final. The attorneys again attempted to rectify the indefiniteness of the ticket claims. This amendment was also rejected. Patentee, through his attorneys, appealed the final rejection.

(f) *Admissions By Patentee's Attorneys.*

By a written statement dated April 12, 1963, patentee's attorneys requested an extension of time for filing an appellate brief. The request was premised in part on the following representation made to the Patent Office Board of Appeals:

> Applicant's U.S. and British attorneys have been considering the filing of a continuation-in-part application *which will clarify and complete the disclosure and enable a presentation of more complete and better claims.*

See Appendix, at p. 22a (emphasis added).[5]

Here then is an unequivocal admission by the patentee's attorneys that the disclosure and claims of the '196 Application were incomplete and unclear, reaffirming the previous representation of patentee.

(g) *The '529 Continuation-In-Part Application and the '300 Patent.*

The file prosecution history reflects that, on the same day that patentee's attorneys made the representation referred to above, they appeared as the attorneys of record for patentee in the prosecution of the '529 Continuation-In-Part Application. Subsequently, patentee abandoned his efforts to appeal the rejection of the '196 Application. That appeal was dismissed by the

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[5] The April 12, 1963 Request for Extension of Time for Filing Brief, which contains the above-quoted matter, is a part of the prosecution history of the '196 Application, and was reviewed and considered by the district court, but was not referred to in the opinion of the Federal Circuit. For the Court's convenience, the document is appended to this petition at p. 22a.

Patent Office on July 30, 1963, as a result of patentee's failure to prosecute his appeal.

The '529 Continuation-In-Part Application was filed by patentee on February 27, 1963. The '529 Application claims the same fare-processing system as the '196 Application. It contains the very same new matter which the patentee attempted to file with the September 22, 1958 Amendment and thereafter cancelled under the March 14, 1960 Letter of Admission. Based upon the '529 Application and applications filed thereafter, the '300 Patent was issued to patentee on September 28, 1971.

(h) *Conclusion: The '300 Patent Is Invalid.*

Considering the undisputed facts as they appear in the file prosecution history of the '196 Application, as well as other prosecution histories relating to the '300 Patent, petitioner respectfully submits that the district court properly determined, as a matter of law, that patentee (i) accepted and acquiesced in the Patent Examiner's rulings with respect to the insufficiency of the disclosures of the '196 Application; and (ii) conceded that the Amendment to Specification added new matter.

The resultant insufficiency of the '196 Application denies the patentee the benefit of its earlier date and attaches to the '300 Patent a filing date of February 27, 1963, which corresponds to the date of the '529 Continuation-In-Part Application. The subject matter disclosed and claimed in the '529 application, including the new matter added in an effort to overcome the disclosure deficiencies in the earlier '196 Application, was essentially the subject matter of foreign patents filed by patentee in Great Britain, Canada and France, each of which was issued more than one year prior to the filing date of the '529 Application. Thus, the subject matter claimed in the '529 Continuation-In-Part Application was previously patented and published in a foreign country and the '300 Patent is, therefore, invalid under sections 102(b) and (d).

REASONS FOR GRANTING OF THE WRIT

The Court should issue a writ of certiorari in this case because the Federal Circuit's reversal of the district court is grounded upon a misapplication of the pronouncements of this Court, and involves a clear conflict with previous rulings of the Circuit Courts, the Court of Customs and Patent Appeals, and prior rulings of the Federal Circuit.

I. THE FEDERAL CIRCUIT'S REVERSAL OF THE DISTRICT COURT PRESENTS IMPORTANT ISSUES AFFECTING (A) THE INTEGRITY OF THE PRONOUNCEMENTS OF THIS COURT; AND (B) THE ACCEPTABLE PARAMETERS OF PATENTABILITY.

Supreme Court review of the decision of the Federal Circuit is critical inasmuch as the Federal Circuit has effectively overruled the venerable pronouncements of this Court in *Leggett v. Avery*, 101 U.S. 256 (1879), *Schriber Co. v. Cleveland Trust Co.*, 311 U.S. 211 (1940), *Graham v. John Deere Co.*, 383 U.S. 1 (1966), and *Cohn v. United States Corset Co.*, 93 U.S. 366 (1876).

The *Leggett*, *Schriber*, and *Graham* decisions teach that in order to avoid duplicity and the unwarranted extension of the patent monopoly, a patentee must be bound by his acquiescence and admissions before the Patent Office and estopped to take a contrary position in subsequent proceedings. Here, however, the Federal Circuit refused to bind the patentee by his admissions and acquiescent conduct. The error of the Federal Circuit was in failing to observe the standards imposed by this Court as to the binding effect of actions and representations before the Patent Office, and in failing even to consider the specific acts of admission and acquiescence that were in the record.

Similarly, the *Cohn* decision makes it clear that prior art need not comply with the strict enablement requirement imposed by section 112 in order to anticipate under section 102. Rather, it is sufficient that prior art merely embrace or describe the concept of the invention claimed. Here, however, the Federal Circuit rejected *Cohn* and its progeny and held that prior art must contain the explicit enabling disclosure required by section 112 in order

to anticipate under section 102. The Federal Circuit erred in failing to acknowledge that the functional counterparts of the claimed invention's subject matter can be adequately described to constitute an anticipatory teaching under section 102 without being taught in sufficient detail to justify the grant of a patent.

Certiorari is an appropriate exercise of this Court's power of supervision over such determinations of federal law which conflict directly with the applicable decisions of this Court. The direct conflict between the holdings of the Federal Circuit and this Court warrants an immediate exercise of the Court's supervisorial power. This Court is the sole recourse to correct the errors of the Federal Circuit in its exercise of exclusive jurisdiction over matters involving the interpretation and application of patent law.

A second basis for the granting of certiorari is the importance of the issues presented herein. A patent is, by its very nature, affected with a public interest:

> The far-reaching social and economic consequences of a patent, therefore, give the public a paramount interest in seeing that patent monopolies spring from backgrounds free from fraud or other inequitable conduct and that such monopolies are kept within their legitimate scope.

Precision Co. v. Automotive Co., 324 U.S. 806, 816 (1945).

Here, respondent seeks damages for the infringement of a patent which is invalid as a matter of law. The Federal Circuit has acknowledged the absence of a triable issue of fact, but has misapplied the legal precedent established by the decisions of this Court, the various Circuit Courts, the Court of Customs and Patent Appeals, and previous holdings of the Federal Circuit. In so doing, the Federal Circuit has expanded the patent monopoly beyond its legitimate scope, undermined the certainty and definiteness requirements imposed by section 112, ignored established law with respect to the doctrine of estoppel, and imposed an unnecessary and intolerable burden on the Patent and Trademark Office. Certiorari is proper for the purpose of ensuring the Federal Circuit's compliance with legal precedent and to avoid the inequitable use of the patent monopoly.

II. THE FEDERAL CIRCUIT OPINION FAILS TO BIND PATENTEE TO HIS EXPRESS ADMISSIONS AND ACQUIESCENCE BEFORE THE PATENT OFFICE.

The viability of the '300 Patent hinges upon whether the patent is allowed the 1957 filing date of the original '196 Application, or is instead assigned the 1963 filing date of the '529 Continuation-In-Part Application. Where, as here, the original patent application fails to comply with the disclosure requirements of section 112, the patentee may seek to amend the same; however, the amendment may not "introduce new matter into the disclosure of the invention." 35 U.S.C. § 132.

Where new matter is required to cure disclosure deficiencies in the original application, that new matter can only be added in the form of a continuation-in-part application. M.P.E.P. § 201.08; 35 U.S.C. § 132. However, a continuation-in-part application is denied the benefit of the earlier date of its predecessor parent application *unless* the invention claimed in the parent application is "disclosed in the manner provided by the first paragraph of section 112." *See* 35 U.S.C. § 120. Moreover, to the extent any claim of the continuation-in-part application depends on new matter for patentability, that claim takes the later date of the continuation-in-part application, regardless of the sufficiency of the earlier parent application. *Stearn v. Superior Distributing Co.*, 674 F.2d 539, 544-45 (6th Cir. 1982).

Here, the repeated instances of insufficient disclosure, indefiniteness and new matter rejections contained within the file history of the '196 Application conclusively establish that (1) said application did not comply with the requirements for certainty and definiteness imposed by section 112; and (2) patentee acquiesced in the Patent Examiner's determination to that effect. Similarly, Claim 1 of the '529 Continuation-In-Part Application depends on the same new matter which was rejected by the Patent Office and cancelled by the patentee during the course of the prosecution of the '196 Application. Therefore, neither the '529 Continuation-In-Part Application nor the '300 Patent can be assigned the earlier date of the '196 Application.

A. *The File History Reflects Patentee's Express Acquiescence in the Examiner's Rejections of the '196 Application.*

The '196 Application was rejected in the First Office Action because the disclosure therein was entirely insufficient. The patentee amended the application, which amendment was rejected in the Second Office Action as including considerable amounts of new matter. The quantity of amendatory material proffered to correct the insufficient disclosure, coupled with the patentee's declination to respond to the Examiner's invitation to demonstrate where a basis for the missing disclosure materials might exist in the prior art, by themselves constitute conduct sufficient to establish acquiescence in the insufficient disclosure rejection.

However, patentee went a step further and expressed his acquiescence in writing to the Patent Office. Specifically, in the 1960 Letter of Admission patentee conceded the propriety of the Examiner's insufficient disclosure and new matter rejections and cancelled the new matter from the '196 Application. Thus, the 1960 Letter of Admission chronicles in the patent file patentee's acquiescence in the Patent Office determination that the '196 Application failed to comply with the disclosure requirements imposed by section 112. The Letter of Admission further evinces patentee's acknowledgment that the insufficiencies inherent in the '196 Application could only be corrected by large amounts of new matter, which the applicant elected to include in a later continuation-in-part application.[6]

The patentee's concession that the '196 Application was defective, and his offer to re-file the new disclosures "in a new and separate patent application," rendered unnecessary any further office action with respect to the sufficiency of the disclosure and inclusion of new matter. Notably, patentee exhibited his acquiescent conduct to the Examiner both before the election require-

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[6] Further evidence of patentee's acquiescence in the Examiner's determination of insufficient disclosure exists in his failure to appeal the second rejection of his claims contained within the Second Office Action. By operation of 35 U.S.C. § 134, he had the right to appeal the Examiner's second rejection of his claims if he deemed the Examiner's determinations erroneous. However, rather that filing an appeal, he conceded the deficiencies in the 1960 Letter of Admission, thereby confirming the validity of the Examiner's determinations.

ment, in the 1960 Letter of Admission, and after election, in the attorneys' representation that a continuation-in-part application would be filed to "clarify and complete the disclosure and enable a presentation of more complete and better claims."[7]

The '529 Continuation-In-Part Application filed by the patentee claims the same automatic fare-collection system as did the '196 Application. Moreover, the '529 Application contains the very same new matter which patentee attempted to add to the '196 Application by amendment, but which patentee cancelled in response to a new matter rejection. The inclusion of that cancelled new matter in the later-filed continuation-in-part application constituted yet another confirmatory admission that the '196 Application was deficient and that the deficiency could only be cured by new matter.

These facts, as evidenced in the file history of the '196 Application, formed the basis of the district court's conclusion as follows:

> The subsequent filing of the Continuation-In-Part Application exhibited both acquiescence in and compliance with the Examiner's position on the inadequacy of the patent application's disclosure.

Appendix, at p. 2a

The acquiescent conduct of patentee was ignored by the Federal Circuit decision, which instead erroneously focused upon whether the Patent Examiner repeated or referred to the insufficient disclosure or new matter rejection in the Third, Fourth, or Fifth Office Action. The reversal of the district court was premised upon section 707.07(e) of the Manual of Patent Examining Procedure which suggests that an Examiner should note in each Office Action all "requirements outstanding" and points which are "still applicable."

The fallacy in the reasoning of the Federal Circuit decision lies in the fact that, at the time of the Third Office Action, the

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[7] Patentee is bound by statements made by his attorneys in the prosecution of a patent application. *Marcyan v. Nissen Corp.*, 578 F. Supp. 485 (N.D. Ind. 1982); *Barrell Fitting & Seal Corp. of America v. American Flange & Mfg. Co.*, 74 F.2d 569 (7th Cir. 1935).

Patent Examiner was in receipt of the 1960 Letter of Admission which was duly incorporated into the prosecution file. The applicant's filing of the 1960 Letter of Admission, and his statement that the curative new matter would be filed in a subsequent continuation-in-part application, rendered the issues of insufficient disclosure and new matter moot and no longer outstanding or applicable. Thus, the repetition requirement of M.P.E.P. 707.07(e) was inapplicable.

Moreover, because the Third Office Action involved the imposition of a restriction requirement, the Examiner was not required to take action on the merits of the '196 Application, which further vitiated any duty to repeat an insufficient disclosure or new matter rejection. This is so because the Manual of Patent Examining Procedure clearly provides that:

> In general, in a national application when a requirement to restrict is made, no action on the merits is given.

Manual of Patent Examining Procedure, section 810 (5th ed. 1983).

In fact, it is the policy of the Patent Office to refrain from acting on the merits of an application until a restriction is complied with:

> The office policy is to defer action on the merits until after the requirement for restriction is complied with, withdrawn or made final.

Manual of Patent Examining Procedure, section 810.02 (5th ed. 1983).

In summary, the actions of the Patent Office are properly reviewed under a "Rule of Reason" standard focusing upon the patentee's understanding of the application status as reflected in the file, rather than technical arguments to the effect that no rejection exists. *Application of Jacobson*, 407 F.2d 890, 894 (C.C.P.A. 1969). Here, the file history of the '196 Application demonstrates conclusively why the Examiner did not address the indefiniteness or new matter defects in the Third Office Action, and the Federal Circuit's ruling to the contrary is plainly erroneous.

B. *Patentee Is Bound By His Admissions and Acquiescence Before the Patent Office.*

The facts establishing the patentee's admissions and acquies-

cence were uncontroverted. Thus, as acknowledged by the Federal Circuit in its decision, the matter was amenable to summary determination under Rule 56 of the Federal Rules of Civil Procedure. *See* Appendix, at p. 7a.

This Court held in *Leggett v. Avery,* 101 U.S. 256 (1879), that a patentee is bound by express disclaimers and acquiescence before the Patent Office. In *Schriber Co. v. Cleveland Trust Co.*, 311 U.S. 211 (1940), this Court invalidated a patent because a feature found to be an essential element of the patented combination was surrendered during the prosecution of the application:

> Where the patentee in the course of his application in the patent office has, by amendment, cancelled or surrendered claims, those which are allowed are to be read in the light of those abandoned and an abandoned claim cannot be revived and restored to the patent by reading it by construction under the claims which are allowed.

Schriber Co. v. Cleveland Trust Co., 311 U.S. 211, 218 (1940).

This Court has similarly held in *Graham v. John Deere Co.*, 383 U.S. 1 (1965), that the validity of a patent is to be construed not only in light of the claims, but also with reference to the filewrapper or prosecution history in the Patent Office. Where a patentee obtains his patent by accepting limitations imposed by the Examiner, he is bound by such limitations and cannot later ignore his acquiescence before the Patent Office. *Graham v. John Deere Co.*, 383 U.S. 1, 33-34 (1966). The holdings in *Leggett, Schriber,* and *Graham* have been consistently followed by the lower courts in instances where a file prosecution history reveals a patentee's express or implied acquiescence in a ruling by the Patent Office.

For example, in *Kaiser Industries Corp. v. McLouth Steel Corp.*, 400 F.2d 36 (6th Cir. 1968), a patent examiner rejected certain claims as calling upon prior art. Amended claims were submitted by the patentee which were never acted upon by the Patent Office, because the claims were cancelled by the patentee pursuant to discussions with the Examiner. New claims were submitted which did not include a descriptive element which patentee later claimed as part of the invention. The Sixth Circuit

held that an inference of abandonment of the description could be drawn from the omission of the element from the final claim. *Id.*, at p. 54.

In *Borg-Warner Corp. v. Paragon Gear Works, Inc.*, 355 F.2d 400 (1st Cir. 1965), *cert. denied*, 384 U.S. 935 (1966), the patentee assumed a certain posture with respect to a Patent Office rejection on the ground of indefiniteness, and later attempted to take a contrary position in infringement litigation. The First Circuit bound the patentee by his acquiescent posture, holding that:

> Plaintiff's position that changes made to render claims more definite can never give rise to estoppel "is firmly rooted in fundamental principle and policy" is hardly accurate. We think of no reason, and find none suggested in the cases, why the importance and materiality of language in a claim depend on the particular objection the Patent Office had voiced. A patent may be just as invalid because the description is inadequate as it may be because of the prior art, . . . and the Examiner is as much within his rights in making one objection as

Borg-Warner Corp. v. Paragon Gear Works, Inc., 355 F.2d 400, 406 (1st Cir. 1965), *cert. denied*, 384 U.S. 935 (1966) (citations omitted).

In *Litton Systems, Inc. v. Whirlpool Corp.*, 728 F.2d 1423 (Fed. Cir. 1984), the Patent Office rejected an application on the basis of inadequate disclosure and then rejected an attempt to amend that application on the ground that the amendatory material included new matter. The filewrapper showed that the Patent Office allowed the patentee's claim after a new matter rejection on the premise that it be supported by a continuation-in-part declaration. The patentee complied with the continuation-in-part requirement without making an objection on the record. The Federal Circuit denied patentee the earlier filing date of the parent application, instead applying the later date of the continuation-in-part declaration which rendered the patent invalid. *Litton Systems, Inc. v. Whirlpool Corp.*, 728 F.2d 1423, 1439-40 (Fed. Cir. 1984).

The Federal Circuit decision here purports to distinguish *Litton* as involving a final rejection which was not appealed. The decision mischaracterizes petitioner's argument by stating that:

> [The] mere filing of a continuation-in-part with additional matter or revised claims is not of itself an admission that the matter is "new" or that the original application was legally insufficient to support the claims.

Federal Circuit Opinion, Appendix, at p. 9a-10a.

However, it was the patentee's acquiescent conduct, *in conjunction with* the filing of the continuation-in-part application, which provided the basis for the district court's entry of summary judgment. The Federal Circuit ignores the repeated instances of express acquiescence evidenced by the file prosecution history and refuses to estop respondent from reneging on the patentee's admission of insufficient disclosure and cancellation of the new matter.

The conclusions reached by the Federal Circuit constitute a misapplication of this Court's pronouncements in *Leggett, Schriber* and *Graham,* and are in direct conflict with the decisions of the Sixth Circuit in *Kaiser Industries Corp. v. McLouth Steel Corp.*, the First Circuit in *Borg-Warner Corp. v. Paragon Gear Works, Inc.*, the previous ruling of the Federal Circuit in *Litton Systems, Inc. v. Whirlpool Corp.*, and a legion of other decisions which enunciate the rule that a patentee *must* be bound by his acquiescence and admissions before the Patent Office and estopped to take a different position in subsequent proceedings.

The Federal Circuit's failure to bind patentee to his representations to the Patent Office will effectively encourage duplicity on the part of patent applicants and engender unwarranted expansion of the patent monopoly.[8] Consequently, petitioner respectfully submits that this Court should issue a writ of certiorari in order to vindicate the pronouncements of *Leggett v. Avery* and its progeny and to avoid the far-reaching social and economic consequences of applicants' failing to observe their duty of candor

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[8] Patentee's machinations before the Patent Office have, to this point, effectively extended the life of the '300 Patent some six years.

with the Patent Office by submission of patent claims exceeding the legitimate scope of the patent monopoly.

III. THE FEDERAL CIRCUIT OPINION FAILS TO DIFFERENTIATE BETWEEN THE DESCRIPTION NECESSARY TO ANTICIPATE UNDER 35 U.S.C. SECTION 102 AND THE DESCRIPTION NECESSARY FOR ENABLEMENT UNDER 35 U.S.C. SECTION 112.

The Federal Circuit decision compounds its error in its consideration of whether the foreign patents, which have disclosures substantially similar to the '196 parent application, can anticipate and invalidate any claims of the '300 Patent which are not entitled to the '196 filing date. The Federal Circuit decision has suggested that if the disclosures of the original '196 Application are inadequate under section 112 in their description of the claimed invention, a foreign patent containing the same disclosure cannot anticipate the '300 Patent under section 102. Otherwise stated, the Federal Circuit has held that in order for the prior art to anticipate under section 102, the prior art must contain "an enabling disclosure," which must comply with the "how to use" and description requirements prescribed by section 112. *See* Federal Circuit Opinion, Appendix, at p. 11a.

Such a conclusion is antithetical to the pronouncement of this Court in *Cohn v. United States Corset Co.*, 93 U.S. 366 (1876). In addition, the opinion of the Federal Circuit conflicts with the previous decision of the Court of Customs and Patent Appeals in *In Re Hafner,* 410 F.2d 1403 (C.C.P.A. 1969), and *Struthers Scientific & Int. Corp. v. Rappl & Hoenig Co., Inc.*, 453 F.2d 250 (2d Cir. 1972).

A. *The Dual Standard Applicable to Sections 112 and 102.*

This Court held in *Cohn v. United States Corset Co.* that a prior publication will defeat a patent if it sufficiently describes the invention, and that it is not necessary that the published specification be sufficient to teach a manufacturer how to make and use the product. Specifically, this Court decided that:

> It is quite immaterial, even if it be a fact, that the Johnson specification is insufficient to teach a manufacturer how to make the patented corset. It is enough if

> it sufficiently describes the corset itself . . . To defeat a party suing for an infringement, it is sufficient to plead and prove that the thing patented to him had been patented or described in some printed publication prior to his supposed invention or discovery thereof . . . What is required is a description of the thing patented, not of the steps necessarily antecedent to its production.

Cohn v. United States Corset Co., 93 U.S. 366, 377 (1876).

Simply stated, *Cohn v. United States Corset Co.* teaches that a double standard exists with respect to the description requirements of section 112 and section 102. Section 112 requires a detailed description of the invention claimed sufficient to permit one skilled in the art to make and use the invention. Section 102, on the other hand, requires only that the prior art embrace or describe the concept of the invention which it anticipates.

This precept was clarified in *In Re Hafner,* 410 F.2d 1403 (C.C.P.A. 1969), which was based upon facts very similar to those involved in this litigation. In *Hafner,* the patentee filed two German patents which did not contain the disclosures required under section 112, such disclosures having been unnecessary in Germany. Within one year of the German filings, the inventor filed a U.S. application combining the two German disclosures. The parent application was rejected under section 112. During the pendency of the U.S. patent application, one of the German applications was published. More than one year after the German application was published, the inventor filed a continuation-in-part application with the U.S. Patent Office. The continuation-in-part application contained a reference to the parent application and claimed the effective date of the rejected parent application.

The Court of Customs and Patent Appeals in *Hafner* affirmed the Patent Office Board of Appeal's decision assigning the later date of the second application to the parent:

> In essence, appellant is contending that a double standard should not be applied in determining the adequacy of a disclosure to anticipate under § 102, on the one hand, and to support the patentability of a claim under § 112 on the other. He feels that a disclosure adequate for the one purpose is necessarily adequate for the other but, unhappily for him, this is not so. *As we shall*

> *develop, a disclosure lacking a teaching of how to use . . . a fully disclosed process is, under the present state of the law, entirely adequate to anticipate a claim to either the product or the process and, at the same time, entirely inadequate to support the allowance of such a claim. This is so because of the requirements of law engrafted on sections 101 and 112 by the decision of the Supreme Court in Brenner v. Manson,* 383 U.S. 519, 86 S.Ct. 1033 (1966).

In Re Hafner, 410 F.2d 1403, 1405 (C.C.P.A. 1969). (emphasis added).

Notably, under facts strikingly similar to those underlying the instant case, the court in *In Re Hafner* went on to affirm the Patent Office Board of Appeals' decision that (1) the U.S. patent must be denied the benefit of the earlier date of the parent application for want of the sufficiency and definiteness required by section 112, and (2) the U.S. patent, with the later date, was both anticipated and invalidated by a foreign patent, describing a similar invention, which had been issued more than one year prior to the later date of the U.S. patent. *In Re Hafner,* 410 F.2d 1403, 1405-07 (C.C.P.A. 1969).

Petitioner respectfully suggests that a grant of certiorari is necessary to (1) force the Federal Circuit's compliance with the pronouncements stated in *Cohn v. United States Corset Co.* and *In Re Hafner;* and (2) to prevent the abrogation of the pivotal policies underlying those decisions.

B. *Policy Considerations Underscoring the Need for a Dual Standard.*

Engrafting the "enablement" standard of section 112 into the invalidating definitions of section 102 is both conceptually and practically unsound for at least the following reasons:

1. The full, clear, concise and exact description of at least one embodiment of an invention required by the "enablement" provision of section 112 is the "teaching," which is the *quid pro quo* for the grant of a patent monopoly. The scope of the patent is defined by the claims, which can range from very broad or general to the highly specific. Where a prior art reference is involved, if an earlier document adequately discloses everything

in a broad claim, the comparison to be made is between the contents of the broad claim and the earlier document. This analysis is qualitatively different from that made to see whether the embodiment has been disclosed fully and clearly enough to justify the award of a patent. Consequently, there is no basic reason that a prior art reference should contain *more* information than that needed to invalidate the claim in question.

2. The subject matter being claimed often is such that full understanding requires nothing further than a general expression of a functional concept, and this is the case here. The "paperless accounting" technique of Claim 1 is a form of business scheme for use in public transit systems, and does not fall within the ambit of a traditional patent. Instead of supplying a transit passenger with a prepaid multi-use ticket to be punched by a conductor during successive trips, the passenger has a prepaid "token" with a data storage capability. The token must be used on both entrance and exit, so that a comparison can be made and a fare calculated.

Although the claim purports to be a "fare charging device," the passenger and the token are both vital to its operation, and the internal functioning of the device is broadly and ambiguously stated. Nothing more than this general description is needed to understand this functional concept or business scheme. Once in the public domain, someone such as the present patentee should have no right later to monopolize this general approach for himself in similarly broad terms by contending that there was insufficient detailed information to anticipate. A patentee may only perfect a monopoly right over an invention he has *implemented*. However, after implementation, the patent cannot and should not date back to the unimplemented, proposed general idea, regardless of whether the original idea was contained in a parent patent application.

3. Superimposition of the "enablement" requirement on all prior art would automatically block usage of a vast amount of information now in the public domain. Scientific papers and research literature, for example, are typically prepared with different objectives than obtaining the grant of a patent. Thus, they may be dominated by conceptual and theoretical treatments at the

expense of implementing detail. Following the rule of the Federal Circuit in the present matter, however, the very same concepts and theories could later be patented by the first party to implement the concept in detail. Needless to say, it is the broad, conceptual patents which have the greatest economic and commercial significance and which require closest scrutiny.

4. Rejecting the double standard and imposing an enablement requirement on prior art references would also afford all patent applicants and patentees an opportunity to increase the complexity of proceedings by introducing extraneous matters relative to whether one or more prior art references meets the "enablement" requirement. A patent applicant could, for example, by declarations and technical argument seek to overwhelm a Patent Examiner on the technical sufficiency of a reference as to other matters than relevance to the claims. The Examiner does not have comparable time or resources at his disposal. Further, custom and practice are consistent with the general rule that prior art references, even if inoperable, are to be taken for what they fairly disclose.

C. *The Holding in Cohn Should Be Vindicated.*

This Court has not issued a definitive pronouncement as to the differences between the completeness of disclosure required to justify grant of a patent in contrast to that needed to anticipate and bar granting of a claim, since the *Cohn* case over 90 years ago. Since *Cohn*, the burden of disclosure on an applicant has been codified in section 112, and the significance of prior art to a patent claim has been codified in section 102, without specific treatment of the differences between them. The Circuit Courts, including the Federal Circuit, have indirectly tended to engraft the "enablement" requirements of section 112 into information in the public domain without consideration of the *Cohn* decision and the policy issues raised thereby. It is important that this Court make clear that a dual standard of disclosure applies as between sections 112 and 102 in order to ensure that the vast amounts of data in the public domain can properly be related to the virtually infinite variety of new inventions when determining the proper scope of patent monopolies.

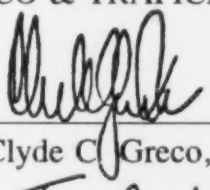
CONCLUSION

In the course of its decision, the Federal Circuit has ignored the pronouncements of this Court and has espoused legal principles in conflict with established legal precedent and sound public policy. If allowed to stand, the decision of the Federal Circuit would impose a manifest injustice and burden upon the Patent and Trademark Office, the BAY AREA RAPID TRANSIT SYSTEM and public transportation systems of a similar nature throughout the country. Accordingly, petitioner prays, most urgently, that a writ of certiorari be issued.

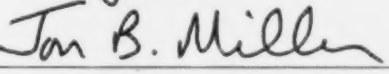
DATE: January 21, 1987

Respectfully submitted,

GRECO & TRAFICANTE

By: 

Clyde C. Greco, Jr.



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APPENDIX

PAPERLESS ACCOUNTING, INC.,
Plaintiff,
v.
BAY AREA RAPID TRANSIT SYSTEM,
Defendant.

No. C-83-5833 JPV

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

ORDER GRANTING PLAINTIFF'S MOTION FOR RECONSIDERATION AND AFFIRMING ORDER GRANTING DEFENDANT'S MOTION FOR SUMMARY JUDGMENT.

ORIGINAL FILED
Dec. 3, 1985

On September 12, 1985, in the above-entitled court, the Honorable J. P. Vukasin, Jr., presiding, the defendant Bay Area Rapid Transit System's motion for summary judgment came on regularly for hearing. Defendant's motion sought summary judgment on plaintiff's complaint alleging patent infringement against U.S. Patent No. 3,609,300, and on defendant's counterclaim that the patent was invalid. In the alternative, the defendant requested summary adjudication establishing the proper filing date of the '300 patent as February 27, 1985.

The Court, having considered both the written pleadings and oral argument of counsel, issued an order granting summary judgment in favor of defendant and against plaintiff with respect to the complaint for patent infringement. As a consequence, plaintiff's complaint was dismissed. The Court further ordered that summary judgment be entered on behalf of counterclaimant Bay Area Rapid Transit System with respect to the counterclaim for declaratory relief as to the invalidity of U.S. Patent No. 3,609,300.

On September 23, 1985, plaintiff filed a motion for reconsideration of the Court's order granting summary judgment.

Finding that adequate grounds are stated therefor, the Court grants plaintiff's motion for reconsideration. For the following

additional reasons, however, the Court's prior ruling shall stand. Upon further review of the record and the points and authorities, documents and papers filed in connection with this motion, and having reviewed all the pleadings filed to date, the Court concludes that the original order is correct as a matter of law. This conclusion is based upon *Litton Systems, Inc. v. Whirlpool Corp.*, 728 F.2d 1423 (Fed. Cir. 1984). The facts of this case indicate that Halpern, the inventor of the '300 patent, failed to prosecute his appeal after the Patent and Trade Office examiner's final rejection of his claims. Instead, he filed a Continuation-In-Part application containing additional disclosures. As a result, the original patent application and appeal were dismissed. Under *Litton*, if a patentee truly believed that the substituted claims and descriptions were inherent in the patent application's disclosure, he could have carried his arguments to the board of appeals within the Patent and Trade Office. Where a patentee chose to abandon his right to review of a rejection through the Patent and Trade Office appellate procedure, he has thus acquiesced to the examiner's decision and is thereby bound. *Id.*, 728 F.2d at 1440.

The Court finds that Halpern abandoned his original application and acquiesced in the examiner's final rejection of his claims. The subsequent filing of the Continuation-In-Part application exhibited both acquiescence in and compliance with the examiner's position on the inadequacy of the patent application's disclosure. In view of the foregoing

IT IS HEREBY ORDERED that plaintiff's motion for reconsideration is granted;

IT IS FURTHER ORDERED that the hereinbefore rendered order granting defendant's motion for summary judgment shall stand.

DATED: Dec. 3, 1985

SIGNED: J. P. VUKASIN, JR., JUDGE
UNITED STATES DISTRICT COURT

PAPERLESS ACCOUNTING, INC.,
Plaintiff-Appellant,
v.
BAY AREA RAPID TRANSIT SYSTEM,
Defendant-Appellee.

Appeal Nos. 86-597/756

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

DECIDED: October 28, 1986

Before MARKEY, *Chief Judge,* BALDWIN and NEWMAN, *Circuit Judges.*

NEWMAN, *Circuit Judge.*

Paperless Accounting, Inc. (''Paperless'') appeals the judgment of the United States District Court for the Northern District of California, holding U.S. Patent No. 3,609,300 (''the '300 patent'') invalid in terms of 35 U.S.C. § 102(b), and granting the motion of Bay Area Rapid Transit System (''BART'') for summary judgment of dismissal of Paperless' Action for patent infringement. *Paperless Accounting, Inc. v. Bay Area Rapid Transit System,* No. C-83-5833 JPV, slip op. (N.D. Cal. Sept. 13, 1985), *aff'd on reconsideration* (Dec. 3, 1985).

The summary judgment is reversed and the case is remanded for further proceedings.

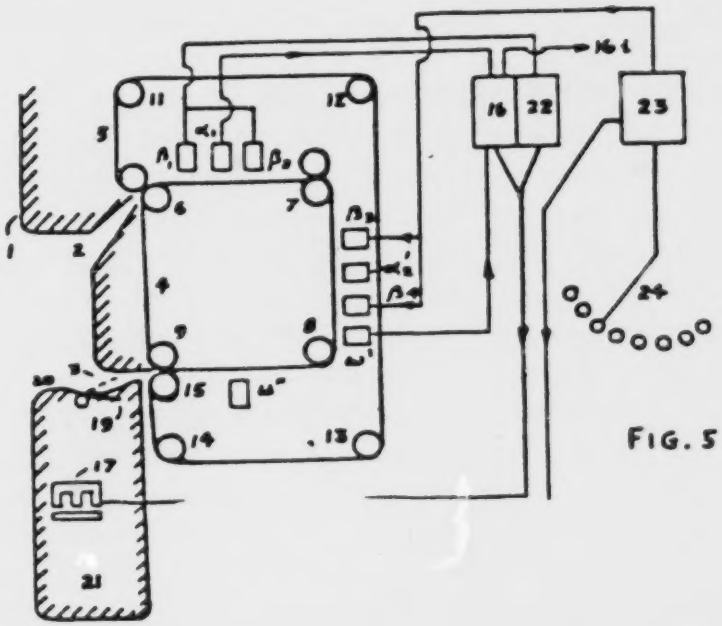
Background

The '300 patent was issued to John W. Halpern on September 28, 1971, and is assigned to Paperless. The specification and claims describe an automatic passenger fare charging system. On entry to a transit system, the claimed machine electronically reads data stored on a ticket, and generates a signal on the ticket relating to the entrance's location. Upon exit the machine electronically compares the exit and entry locations, calculates the fare, and compares the result with the price paid for the ticket. The machine tells the ticket holder what is due, and credits any overpayment. The specification describes the details of the construction and operation of the system, and the claims are directed to

the machine. The detailed scope of the claims is not here pertinent.

The summary judgment turns on certain facts of patent prosecution before the Patent and Trademark Office ("Office").

The first or "parent" United States patent application, Serial No. 659,196 ("the '196 parent"), was filed on April 16, 1957 by inventor Halpern, then of Stockholm, Sweden, *pro se*, with claims directed to the machine, the feeding mechanism, and the ticket. Halpern illustrated his system in part with drawings that included block diagrams, of which Figure 5 as filed is representative:



In the first Office action on the merits, dated April 2, 1958, all of the claims were rejected by the examiner as based on an incomplete and insufficient disclosure. The examiner advised the applicant as to how this rejection might be overcome, instructing the applicant to describe the circuits of the components that were shown only by block diagrams, and suggesting that reference could be made to "existing publications and patents which show known circuits." The examiner cautioned the applicant to avoid the addition of new matter. The examiner also made several formal requirements relating to the filing of ribboned and sealed

application papers and to the form of the drawings, and made other rejections not here pertinent.

In his response filed September 24, 1958 Mr. Halpern submitted extensive amendments to the specification in which he referred to three electronics publications, submitted new Figures 1-21, and replaced the original claims with new claims 22-38.

In the second Office action, dated September 4, 1959, the examiner stated that the amendment to the specification included "a large amount of new matter" and required cancellation of specific parts of the amendment. The examiner treated the new figures as proposed sketches, accepted new Figures 1-13 as correcting the original figures, and stated that new Figures 14-21 appeared to contain new matter and would not be admissible. The examiner rejected new claims 22-38 as being based on an insufficient disclosure, and stated: "Applicant is again advised that in order to supply the needed disclosure to cure the defects set out in the last Office action, he must convincingly demonstrate that the elements are well known and obtainable on the open market or that there is a full disclosure thereof in patents or other publications." The examiner advised Mr. Halpern that "final determination in respect to the disclosure will be made in the next action."

In response, filed March 7, 1960, Mr. Halpern presented extensive argument that there was support for certain parts of the previous amendment in the original specification, and provided additional material, that he described as "explanatory," for insertion into the specification. Mr. Halpern cancelled other parts of the previous amendment which he described as disclosing "other new aspects or further development of the proposed invention." Mr. Halpern cited a publication that he stated showed "all essential parts" of the circuit in Figure 27 (numbered Figure 14 in Halpern's first amendment).

In the third Office action, dated August 25, 1961, the examiner did not repeat the rejection for inadequate or insufficient disclosure. Only claim 36 was rejected as "drawn to new matter [without] basis for the claim in the original disclosure." The examiner stated that the application claimed three distinct inventions and required the applicant to elect which claims he wished

to pursue in this application. The examiner stated that Mr. Halpern's amendment of March 4 [sic], 1960 had not been entered pending this election, and that if the claims directed to the machine were elected they would be subject to rejection on the ground of being an old combination as shown by Lorenz in U.S. Patent 2,591,448, a newly cited reference.

In response filed February 20, 1962 Mr. Halpern elected the claims to the ticket, claims 37 and 38, and rewrote these claims as new claims 39 and 40. Mr. Halpern cancelled claim 36, and argued the patentability of claims 22-35 in view of the Lorenz reference.

In the fourth Office action dated May 14, 1962, the examiner held that claims 22-35 stood "withdrawn from further consideration . . . as being for nonelected inventions," and that "the discussion [in the] amendment concerning claims 22-35 is not being considered." The examiner rejected elected claims 39 and 40 as unpatentable in view of Knutsen's U.S. Patent 2,508,953, and as indefinite for failing to state positively that there are recesses containing recording tracks in the ticket.

In his next response, filed July 30, 1962, Mr. Halpern was represented by counsel, who amended claims 39 and 40 to the ticket and presented arguments as to the patentability of this subject matter. These two claims were "finally rejected" in the fifth Office action, August 27, 1962, as being unpatentable in view of the Knutsen reference. In an amendment filed Sept. 14, 1962 Halpern's counsel reargued the ticket claims, and stated: "Claims 22-35 are retained pending filing of a divisional application."

A notice of appeal was filed, and on February 27, 1963 a continuation-in-part application, Serial No. 261,529 ("the '529 c-i-p"), was filed containing the non-elected claims 22-35 directed to the machine. Claim 36, which had been rejected as drawn to new matter and cancelled in the '196 parent, was not included in the '529 c-i-p.

The appeal of the final rejection of claims 39 and 40 in the '196 parent was not pursued, and that application became abandoned when the appeal was dismissed for failure to file a brief.

The specification of the '529 c-i-p included substantially all the material in the amendments filed September 30, 1958 and

March 14, 1960 in the '196 parent. After further prosecution including refiling, the '529 c-i-p led to the '300 patent here at issue.

More than one year before the filing date of the '529 c-i-p, the following foreign patents issued to Mr. Halpern: French Patent No. 1,199,266 on December 11, 1959; British Patent No. 857,658 on January 4, 1961; and Canadian Patent No. 613,866 on February 7, 1961. The parties agree that these foreign patents correspond substantially to the specification and drawings of the '196 parent as filed in the U.S. on April 16, 1957.

These facts are not in dispute, although their legal significance is. Thus the basis on which the district court decided the question was amenable to summary determination. Fed. R. Civ. P. 56.

Analysis

A.

The district court granted BART's motion for summary judgment of patent invalidity based on Halpern's intervening foreign patent publications, apparently holding these foreign patents to bar the '300 patent in terms of 35 U.S.C. § 102(b).[1] This holding was based on the court's conclusion that the claims of the '300 patent are not entitled to the filing date of the United States '196 parent application.

The district court held that Halpern admitted that the '196 parent application's disclosure was insufficient because he filed the '529 c-i-p application and abandoned the '196 parent without appeal. The district court, according to its opinion, based its decision solely on this conclusion of acquiescence, the court stating that "Halpern . . . failed to prosecute his appeal after the Patent and Trademark Office examiner's final rejection of his claims. Instead, he filed a Continuation-In-Part application containing additional disclosures . . . [H]e has thus acquiesced to the examiner's decision and is thereby bound." Slip op. at 2-3 (Dec. 3, 1985) (citing *Litton Systems, Inc. v. Whirlpool Corp.*, 728 F.2d 1423, 1440, 221 USPQ 97, 107 [Fed. Cir. 1984]).

[1] A person shall be entitled to a patent unless — (b) the invention was patented or described in a printed publication in . . . a foreign country . . . more than one year prior to the date of the application for patent in the United States . . .

The court's conclusion was based on an erroneous understanding of the prosecution history. There was no rejection for insufficient disclosure at the time the '529 c-i-p was filed and the '196 parent was abandoned. That rejection had been withdrawn, as a matter of standard procedure. The applicable rule is stated in the Manual of Patent Examining Procedure (MPEP), an operating manual that "describe[s] procedures on which the public can rely." *Patlex Corp. v. Mossinghoff*, 758 F.2d 594, 606, 225 USPQ 243, 252, *modified*, 771 F.2d 480, 226 USPQ 985 (Fed. Cir. 1985); *In re Kaghan*, 387 F.2d 398, 401, 156 USPQ 130, 132 (CCPA 1967). The rule for the pertinent period was as follows:

> 707.07(e) *Note all Outstanding Requirements*
>
> In taking up an amended case for action the examiner should note in every letter all the requirements outstanding against the case. Every point in the prior action of an examiner which is *still applicable* must be repeated or referred to, to prevent the implied waiver of the *requirement*. [emphasis in original]

The examiner's rejection of the '196 parent for insufficient disclosure was not "repeated or referred to" in the third or subsequent Office actions. The MPEP is not permissive in this requirement. It is notable that only claim 36 was rejected in the third Office action as based on new matter. The '196 disclosure as it then stood, in accordance with MPEP § 707.07(e), was no longer rejected as insufficient.

The district court referred to Halpern's "fail[ure] to prosecute his appeal after the examiner's final rejection of his claims." Had Halpern prosecuted the appeal of the final rejection of claims 39 and 40, as he was entitled to do but did not, the issue of sufficiency of disclosure could not have been raised in such appeal. It was not at issue, because that ground of rejection had not been continued by the examiner. As stated in *Ex parte Martin*, 104 USPQ 124, 128 (Supr. Exmr. 1952):

> When an examiner fails to mention a rejection in his final action, it has been dropped by the examiner and needs no further response by the applicant. On appeal, only those grounds of rejection which have been made

> in the final rejection and commented upon in the examiner's answer to brief are considered by the Board. All rejections previously made and not continued in the final rejection are considered as withdrawn. It is not necessary for the examiner to make any specific statement to that effect.

Since the question of sufficiency of disclosure was not a basis for the final rejection, it could not have been appealed. Failure to pursue the appeal of the rejection of claims 39 and 40 on other grounds is of no significance to this issue.

There was no outstanding rejection on insufficient disclosure in which the applicant could have acquiesced, either when he declined to pursue the appeal of claims 39 and 40 in the '196 parent, or when he filed the '529 c-i-p. In *Litton*, by contrast, the parent patent application had been finally rejected for insufficient disclosure and the rejection was not appealed. In the case before us no claims were ever finally rejected for insufficient disclosure, and no rejection was appealable on this ground.

The district court stated that "[t]he subsequent filing of the Continuation-In-Part application exhibited both acquiescence in and compliance with the examiner's position on the inadequacy of the patent application's disclosure." Slip op. at 3 (Dec. 3, 1985). The filing of a continuation-in-part, in and of itself, is not an admission of the correctness of a rejection. Law and policy liberally authorize the filing of c-i-p applications for a number of reasons, whether to enlarge the disclosure to include new technological information, thereby providing the public with knowledge of recent developments or improvements; or to enable more extensive prosecution or improved draftsmanship of specification or claims; or to provide a vehicle for prosecution of non-elected claims.

In those cases where a continuation-in-part application contains claims which depend upon an enlarged disclosure for support, that must of course be considered when it is required to establish dates of compliance with 35 U.S.C. § 112. But the mere filing of a continuation-in-part with additional matter or revised claims is not of itself an admission that the matter is "new" or that the original application was legally insufficient to support the

claims. *See State Industries, Inc. v. A.O. Smith Corp.*, 751 F.2d 1226, 1233 n.*, 224 USPQ 418, 422 n.1 (Fed. Cir. 1985) and cases cited therein; *see also Foseco International Ltd. v. Fireline, Inc.*, 607 F. Supp. 1537, 1563, 226 USPQ 33, 35 (N.D. Ohio 1984).

BART also advised the district court that Paperless was not entitled to any date earlier than February 27, 1963 for any of the claims in the '300 patent because Halpern had "abandoned" the claims to the machine in the '196 parent application. This was an incorrect statement of law. Halpern's election to proceed first with his claims to the ticket, reserving the right to proceed with the other claims in a separate application, is a routine step in patent prosecution. *See* 35 U.S.C. § 121; MPEP §§ 802.01, 803.

Since there was no final rejection on insufficiency of disclosure from which to appeal, no abandonment of claims, and no outstanding rejection in which Halpern could have acquiesced, the district court erred in holding that Halpern admitted as a matter of law that his disclosure was insufficient. The grant of summary judgment on this basis was legal error, and is reversed.

B.

Paperless asks us to hold that the claims of the '300 patent are entitled to the filing date of the '196 parent application, thus predating the intervening foreign references. The issue of support for claims in the specification as required by § 112 is a question of law, *Atlas Powder Co. v. E.I. du Pont de Nemours & Co.*, 750 F.2d 1569, 1573, 224 USPQ 409, 411 (Fed. Cir. 1984); *Lindemann Maschinenfabrik GMBH v. American Hoist & Derrick Co.*, 730 F.2d 1452, 1463, 221 USPQ 481, 489 (Fed. Cir. 1984), but it is dependent on underlying factual and legal findings which have not here been made. The district court did not analyze Halpern's '196 disclosure, as filed or as amended, with respect to the claims of the '300 patent, basing its summary judgment solely on the conclusion of acquiescence. Although the parties argued this issue on appeal, it is inappropriate for our decision *ab initio*. As we remand to the district court, we restate the issue, in view of the conflicting views of the parties not only as to the answer, but as to the question.

Whether the intervening foreign patent references are 35 U.S.C. § 102(b) bars against any or all of the claims of the '300

patent depends on the content and dates of the foreign references and the priority dates to which each of the '300 patent claims is entitled. *See In re Ahlbrecht*, 435 F.2d 908, 911-12, 168 USPQ 293, 296 (CCPA 1971); *see also Litton*, 728 F.2d at 1438, 221 USPQ at 106. If a claim of the '300 patent is adequately supported by the disclosure in the '196 parent, the intervening references are of no effect.

A patent applicant need not include in the specification that which is already known to and available to the public. *In re Howarth*, 654 F.2d 103, 105, 210 USPQ 689, 691-92 (CCPA 1981); *In re Lange*, 644 F.2d 856, 863, 209 USPQ 288, 294 (CCPA 1981). Thus, in examining the '196 parent, the examiner had invited Halpern to refer to published circuits and commercially available items that performed the function of Halpern's boxes. Such added subject matter, to the extent that is not "new matter," does not deprive the applicant of the original filing date. *See Litton*, 728 F.2d at 1438, 221 USPQ at 106; *In re Wright*, 343 F.2d 761, 767, 145 USPQ 182, 188 (CCPA 1965).

If there are claims in the '300 patent which are not entitled to the '196 filing date because they depend for patentability on "new matter" appearing for the first time in the '529 c-i-p, as to those claims Halpern must meet the requirements of patentability as if his foreign patents were any adverse reference.

Because the foreign patents correspond substantially to the disclosure of the '196 parent, as both parties averred (we observe that they are not identical in all respects), it is pertinent to consider this fact if the '196 parent is held insufficient as to any claim of the '300 patent. As this court held in *In re Donohue*, 766 F.2d 531, 226 USPQ 619 (Fed. Cir. 1985), a § 102(b) reference "must sufficiently describe the claimed invention to have placed the public in possession of it." *Id.* at 533, 226 USPQ at 621 (citing *In re Sasse*, 629 F.2d 675, 681, 207 USPQ 107, 111 [CCPA 1980]; and *In re Samour*, 571 F.2d 559, 562, 197 USPQ 1, 4 [CCPA 1978]). The court observed in *Donohue* that "even if the claimed invention is disclosed in a printed publication, that disclosure will not suffice as prior art if it was not enabling." *Id.* (citing *In re Borst*, 345 F.2d 851, 855, 145 USPQ 554, 557 [CCPA 1965], *cert. denied*, 382 U.S. 973, 148 USPQ 771 [1966] ["the disclo-

sure must be such as will give possession of the invention to the person of ordinary skill'']). *See also Reading & Bates Construction Co. v. Baker Energy Resources Corp.*, 748 F.2d 645, 651-52, 223 USPQ 1168, 1173 (Fed. Cir. 1984); *Preemption Devices, Inc. v. Minnesota Mining & Manufacturing Co.*, 732 F.2d 903, 906, 221 USPQ 841, 843 (Fed. Cir. 1984). The basis for this rule is found in the description requirement of § 102(b). *Donohue*, 766 F.2d at 533 n.7, 226 USPQ at 621 n.7 (citation omitted). If the disclosure of the '196 parent application is insufficient to place the claimed invention in the possession of the public, then its British, French, and Canadian counterparts are also insufficient to do so.

Thus, if any claim of the '300 patent is determined to be limited to the filing date of the '529 c-i-p on the basis that the disclosure of the '196 parent is insufficient to support such claim, a corresponding foreign publication that is substantially the same is also insufficient to anticipate such claim under § 102(b). The correct role of the foreign publication in such case is as a reference under § 103. *Reading & Bates*, 748 F.2d at 652, 223 USPQ at 1173. Such analysis has not been made, and is not before us on appeal.

REVERSED AND REMANDED

To: The Commissioner of Patents
Washington, 25. D.C.
U.S.A.

[Filed March 14, 1960]

Sir:

To rectify the defects pointed out by the Office Action dated September 4, 59 in the first place three enclosures are being sent, enclosure 1 containing twelve instructions for amendment, cancellation and addition of information. Enclosure 2 gives a short description of the figures in the amendatory drawings dated 24 September 1958, and enclosure 3 is a photoprint of a publication relating to selective circuits such as in one version of the proposed invention would be needed. The circuit of fig. 27, for example, is in many respects equivalent to those discussed in the named publication.

The main purpose of section 8 of enclosure 1 is to prove that the new disclosure of technical detail such as illustrated in figures 27 and 28, has an unmistakable basis in the original disclosure for the specific circuitry and other elements in fig. 18 and 19 of the same. However, the amendatory description was admittedly defect in that it did not clearly show that the additional information is not new but gives only technical substance to the original information.

While making this statement on the strength of the enclosures, it should not be maintained that all amendatory matter is free from the defect of containing one or the other new aspect or further development of the proposed invention. Where this was found to be the case, the enclosure requests the cancellation of the passage in relation to its intended role of clarifying the original disclosure. However, this is done without prejudice to the possibility of separating out said ''new matter'' in the form of another patent application if this seemed necessary.

The Office Action of September 4, 59 has rejected all the claims, most of them on the ground that they contain or are built upon incomplete and insufficient disclosure.

Since it is the purpose of this amendment to provide the descriptive link between the original disclosure and the amenda-

tory description and drawings and since the devising of new claims with prospect of acceptance cannot be done without having reached a form of explaining the invention which was found approvable by the Office, I propose to wait with the submission of new claims until after I have learned of the Examiner's view concerning this amendment.

Note is taken of the requirements for the execution of drawings. New drawings will be submitted after allowance of a claim.

The applicant

John W. Halpern

Stockholm, the first day of March 1960

Enclosed: nrl. Amendment requests
2. Brief Description of drawings, fig. 27-34
3. Photo Copy of one of references to published matter.

To: The Commissioner of Patents
Washington, 25, D.C.
U.S.A.
March 1, 1960

[Received March 14, 1960, Division 23]

In re: John W. Halpern
659-196
April 16, 1957

AUTOMATIC PURCHASE TOKEN SYSTEMS WITH OR WITHOUT REGISTRATION OF CUMULATIVE EXPENDITURES ON THE TOKEN, ETC.

Responsive to the Office Action of September 4, 1959, I ask for the following changes to be incorporated in the original and the amendatory disclosures:

1. Re-number the proposed sketches figures 1-13 consecutively 14-26 and enter these in place of those first submitted
2. Re-number the proposed sketches figures 14-21 consecutively 27-34 and enter these in place of those submitted on the amendment drawings 24 September 58.
3. Re-number the numeral references to drawings made in the written disclosures in the original specification and on the supplementary description of 24, Sept. 58.
4. Insert the contents of Enclosure nr. 2 of this amendment into the original specification, page 2, line 22, after the words "*fig. 18 and 19.*" (previously 5 and 6), and before the words "*By way of,*" same page, line 24.
5. Reinstate lines 10-19, page 6 of the original specification and anull [sic] the cancellation of this passage requested in the amendment of Sept 24, 58.
6. Insert into the text of the original specification, after the words "illustrated by fig. 20 and 21, page 6 line 19, the following sentences:

   "To avoid the use of two thyratrons, the arrangement may be slightly modified in that the flap-like extension 19, fig. 18, by means of spring tension would be re-

tained in the ticket reject position (interripted [sic] line), that is in a position through which the ticket is guided into the retention basket 21 instead of being returned to the ticket holder. Only if the electromagnetical [sic] actuator 17 is energized, the extension 19 is withdrawn. The condition for this to happen is, as already explained, that the detector and thyratron stage 16, fig. 18 is excited by the correct genuity [sic] checking signal on the ticket when passing through the entry registration unit.'' The output signal from unit 16, alone or in combination with said selective ticket returning function, may be used also for o[obliterated word] electr[obliterated word]matic doors or arresting latches for entry ga[obliterated word] the [obliterated word] example such as illustrated in figures 20 [obliterated words].''

7. Insert the text of the first amendment, Sept 24, 58 page 1 line 4 — line 12 ending with the word ''vehicle'' immediately after section 6 of this amendment, and cancel the text of the first amendment page 1, line 12 beginning with the word ''According to . . .'' to line 18 ending with the words ''fare value deduction.'' This cancellation applies only to the text amendment in respect of the original disclosure and should not prejudice the use of this material in a separate application based on the date of the amendatory material.
8. Between the last paragraph on [sic] page 8 of the original specification, ending with the words ''. . . a definite combination of imput [sic] signals,'' and the first paragraph on page 9 of the original specification beginning with the word ''Another,'' insert the following text:

> ''Having now described the chief elements of a ticket system for passenger traffic needs, more detailed explanations accompanied by circuit diagrams are given below to exemplify the practical application of the combination principles described.''

To facilitate the establishing of a clear reference between the outline description of the system and the

detailed technical explanation by circuits operating with a) signals of different frequence b) signals represented by pulse combinations, the correspondence of the main items of drawings fig. 18 and fig. 19 (outline description of ticket system) and drawings fig. 27 and fig. 28 (details in respect of frequency signalling system) and respectively drawings fig. 29a, 29b, 30, 31, 32, 33, 34 (details in respect of application of pulse techniques) shall first be clarified before the actual functional description begins further below.

Correspondence between figures 18-19 and figure 27.

Fig. 27 shows a reading head 82 feeding into an amplifier 83, In Fig 18, this corresponds to the reading head $\propto$, feeding into the circuit block 16.

Fig. 27 shows furthermore five band-pass filters 84^1, 84^2, 84^3, 84^4 and 84^5 the primary or input windings of which are series-connected to the output of amplifier 83. Only bandpass filter 84^2 is shown in full detail. The number of filters needed depends on the number of different frequencies in the genuity [sic] checking signal. Each filter is connected to a relay stage essentially consisting of some kind of detector and d.c. amplifier 85a,b and a final thyratron stage (86) feeding into a load 87.

All the circuit elements mentioned above should be regarded as comprised in the block 16, fig. 18, with the exception of load 87, fig. 27 which has its correspondence in the magnetic actuator 17, fig. 18.

The circuit fig. 27 is not new. In all essential parts it was published in the periodical "Elektronische Rundschau," Nr. 5, 1956, under the title "Ein selektiver Verstärker mit 1 Hertz Bandbreite" by W. Nonnenmacher. (Photographic Copy enclosed).

Correspondences between figures 18-19 and figure 28

In fig. 28 the reading head 82 should be re-numbered 82a since it is not identical with the reading head 82 in Fig. 27. Similarly the amplifier block 83 in fig. 28, should be renumbered 83a since it is not identical

(though of equal design) with the amplifier 83 in Fig. 27.

In fig 27, reading head 82a should be considered identical with the reading head β_5 in fig. 19 and its dublicate [sic] β_6. Fig. 19 illustrates the principle of the exit registration unit.

In fig. 28, the amplifier 83a and the electrical filters 1, 2, 3, 4, 5 together with the relays 82, 93, 94, and so on represent the signalling store 35 in fig. 19. The said relays are self-holding and once energized by a signal they retain the selected associated circuit.

In fig. 28, the handle 98 is identical with the handle 34, fig. 19 which in the original disclosure was described to be operated by the driver of a vehicle who sets it to different positions which correspond to fare stage position of the vehicle within its route.

Ing [sic] *fig. 28*, the multi contactors on the relays 92, 93 a.s.o. and the connections between them and the contactors on the multi-throw switch 97-97 correspond to the block diagram 37 in fig. 19, since, as explained in the original disclosure, here a comparison between the entry zone and the exit-zone positions is taking place. In fig. 28 this comparison is performed by the simple means of combining contactors of the relays which provide the information concerning the zonal position of the vehicle at the entry point, with contactors of the multithrow switch which at any moment represent the zone in which the vehicle happens to be. The combination of said two contact groups produces in each instance a definite value step, the zonal value of the distance travelled. For this reason, the function which in the original disclosure was described to be associated with circuit element block 37, is now according to fig. 28 performed by the multi-throw switch 97 with its combination contactors 11, 12, 13, 14 and so on.

In fig. 28 the reading head 99 corresponds to the reading head α_2 in fig. 19.

In fig. 28, the block 102 is an amplifier of similar design as indicated *in fig. 27* and block 103 with its sections A, B, C . . . H is again a series-connected multiple band-pass filter as described for fig. 27. Block 105 contains the relays associated with the output stages of the filters. These relays are again self-holding and therefore play the part of storing the effect of the imput [sic] signals coming from reading head 99. This role coincides with the function ascribed to block 34, fig. 19 in accordance with the original specification.
In fig. 28, the block 115 corresponds to block 35 A in fig. 19. It it here that a comparison between the residual ticket value and the fare value of the journey at the moment of alighting is compared. In the instance of fig. [obliterated word] this is achieved by a network of diode lines such as described in the first amendment, but without detriment to the principle also other comparators such as coordinate selector relays or ferrite networks may be used. The principle [obliterated word] remain in agreement with fig. 19.

In fig. 28, the block diagram 108 corresponds to the transfer unit 38 in fig. [obliterated word] and in which according to the example the new ticket value (expressed as a debit = total consumed fares, or also as a credit = remaining residual fare value) is translated into a suitable combination of two out of eight recording frequencies. — The driving stage for these oscillations is symbolized by block 108 and 109, fig. 28.

In fig. 28, the recording head 100 corresponds to the recording head α_4 in fig. 19.

In fig. 28, the oscillator 113 corresponds to the genuity [sic] checking signal generator 39 in fig. 19. Any of the oscillator circuits for the generation of electrical wave trains, as have becomc [sic] known in the literature of electrical engineering, may be used for block 113.

In fig. 28, the recording head 101 corresponds to the

recording head ζ in fig. 19.

In fig. 28, no erasing heads are shown such as would correspond to the heads $\alpha_3 \ldots \beta_7 \ldots \beta_8$.

In fig. 28, the gating arrangement 111, 112 and 114 which had been briefly explained in the first amendment paper, corresponds to the indication of the auxiliary order line 38-i in fig. 19, and as commented upon in the original paper.

Now, a detail description of the circuits follows. The reading head 82, fig. 27 faces the genuity checking signal on the ticket when the same passes through the ''entry registration'' unit. After amplification in unit 83, the signal passes through one or more bandpass filters, the number of them depending on the number of frequencies contained in the checking signal. The built-up of a filter is illustrated only for the second one of the series.

9. After the word ''series'' as above, continue with the description of the first amendment of 24. Sept. page 1 line 30, beginning with the words ''Each filter,'' until page II line. 20.
10. Substitute ''head 82'' on page III line 9 for ''head 82 a.'' Also same page, line 12. Further, substitute for ''The block 83,'' page III line 13, ''The block 83a.''
11. Continue with the description after the word ''vehicle, line 20, page II, as follows: ''Now, a detail description for the exit registration unit will be given.'' After that, insert the text of the first amendment, page III, line 1, beginning with the word ''Dependent,'' and ending with the word ''last journey'' line 38, page V. (See request nr. 3 asking for the renumbering of the drawing reference numbers in all specification disclosures).
12. For purposes of investigation, accept the supplementary disclosure figures 29a to 34 as being material illustrating the technical feasability [sic] of the principles described in the first disclosure April 16, 57, but cancel this material from the current application, however, without prejudice to the possibility of re-filing such parts of the above men-

tioned new disclosure which cannot be proved to be known, in a new and separate patent application with priority of the amendatory date.

Brief description of new figures.

Fig. 27 shows the chief elements of a frequency-sensitive detector for signals containing one or more frequency components picked up from a ticket by a reading head and fed into the input side of the detector, the output exciting a thyratron or similar power amplifier.

Fig. 28 shows a method of storing a ticket-derived signal characteristic for the entry point together with a method of deducting from the residual value of the ticket the last travelled fare value, all on the understanding that the signals used are oscillations of different frequencies.

Fig. 29 a shows a ticket with recessed grooves used as channels for magnetic records and it also indicates the purpose and the space reserved on the ticket for different kind of signals, on the understanding that said signals consist of pulses.

Fig. 29 b shows a side view of such ticket with recessed grooves.

Fig. 30 gives a fundamental logical diagram for the function of the ticket system at the entry side, to facilitate the explanation of the application of pulse technique to the invention.

Fig. 31 shows the reading heads and their positions respectively opposite the ticket grooves, in the entry registration unit.

Fig. 32 shows the connection of said reading heads to checking and entry number recording units in the entry registration apparatus.

Fig. 33 shows the reading heads used in the Exit Registration Apparatus and respectively their positions opposite the ticket grooves.

Fig. 34 shows the connection of said reading and recording heads with checking and fare value calculating and final ticket value recording units in the EXIT REGISTRATION APPARATUS.

IN THE UNITED STATES PATENT OFFICE
BEFORE THE BOARD OF APPEALS

In re Application of JOHN W. HALPERN
Serial No. 659,196 Filed: April 16, 1957 Appeal No. 18892

For: AUTOMATIC PURCHASE TOKEN SYSTEMS WITH OR WITHOUT REGISTRATION OF CUMULATIVE EXPENDITURES ON THE TOKEN, ETC.

REQUEST FOR EXTENSION OF TIME FOR FILING BRIEF

Hon. Commissioner of Patents
Washington 25, D.C.

Sir:

It is respectfully requested that the due date of the brief be extended for a period of sixty (60) days for the reasons that:

Applicant originally prosecuted this application himself and without the aid of attorneys.

The assistance of attorneys were engaged by applicant approximately three months before the date of the Final Rejection and accordingly adequate time has not been accorded said attorneys for preparing suitable claims clearly differentiating from the art of record.

Applicant's U.S. and British attorneys have been considering the filing of a continuation in part application which will clarify and complete the disclosure and enable a presentation of more complete and better claims.

The domicile of the applicant being in Great Britain and because of the necessity to communicate with him through his British attorneys there has been insufficient time either to prepare a continuation in part application or a brief in the present application.

In light of the above briefly outlined reasons a sixty day extension is thought to be justified.

Respectfully submitted,
IMIRIE AND SMILEY

April 12, 1963

FILED
FEB 27 1987
JOSEPH F. SPANIOL, JR.
CLERK

No. 86-1237

(2)

In The
Supreme Court of the United States
October Term, 1986

BAY AREA RAPID TRANSIT SYSTEM,
Petitioner,

vs.

PAPERLESS ACCOUNTING, INC.,
Respondent.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

RESPONDENT'S BRIEF IN OPPOSITION

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12 pp

Rule 28.1 Statement

Respondent Paperless Accounting, Inc. is a California corporation which has no parent company, subsidiaries or affiliates within the meaning of Supreme Court Rule 28.1.

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TABLE OF AUTHORITIES

No additional authorities are cited herein. Respondent relies upon those authorities included in the decision of the Court of Appeals for the Federal Circuit, reproduced at pages 3a through 12a of the Appendix in Petitioner's Brief.

No. 86-1237

In The

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October Term, 1986

BAY AREA RAPID TRANSIT SYSTEM,
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On Petition for a Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

RESPONDENT'S BRIEF IN OPPOSITION

STATEMENT OF THE CASE

Petitioner's statement of the case, at pages 1 through 7 of its Petition, is replete with mischaracterizations of the prosecution history of the '300 patent in suit, and contains many misleading arguments and conclusions therein. As a more appropriate and accurate synopsis of the prosecution history, Respondent adopts the "Background" contained in the opinion of the Federal Circuit, stated herein as "facts [which] are not in dispute." [See: Petitioner's Appendix 3a through 7a.]

REASONS FOR DENYING THE WRIT

Summary of Argument

A writ of certiorari should be denied in this case because it presents no issues important enough to warrant the Court's review. The decision of the district court was based solely upon an erroneous understanding of the prosecution history of the '300 patent in suit, as clearly explained by the Court of Appeals for the Federal Circuit. Petitioner's arguments herein are based upon factual findings that were never made by the district court and which formed no basis for the decisions of either court below. Petitioner herein also seeks an advisory opinion from this Court on issues that are not yet ripe.

I. Petitioner Ignores The Sole Basis For The Decisions Below.

Question 1, presented by the Petition, is never reached and is not properly before this Court because the district court did not base its decision on the alleged admissions relied on by Petitioner in its arguments herein." As stated by the Court of Appeals for the Federal Circuit:

> "The district court held that Halpern admitted that the '196 parent application's disclosure was insufficient because he filed the '529 c-i-p application and abandoned the '196 parent without appeal. The district court, according to its opinion, *based its decision solely on this conclusion of acquiesence.*" (emphasis added) (Petitioner's Appendix 7a)

In reversing the district court's grant of summary judgment as "based on an erroneous understanding of the prosecution history" since "there was no rejection for insufficient disclosure at the time the '529 c-i-p was filed and

the '196 parent was abandoned", the Federal Circuit correctly explained the prosecution history as follows:

> "The examiner's rejection of the '196 parent for insufficient disclosure was not 'repeated or referred to' in the third or subsequent Office actions. *The MPEP is not permissive in this requirement.* . . . The '196 disclosure as it then stood, in accordance with MPEP § 707.07(e), was no longer rejected as insufficient." (emphasis added) (Petitioner's Appendix 8a)

Holding that the district court was in error, in relying upon Halpern's "fail[ure] to prosecute his appeal" as an admission that the '196 parent application's disclosure was insufficient, the Federal Circuit correctly stated that "the insufficiency of disclosure could not have been raised in such appeal. It was not at issue, because that ground of rejection had not been continued by the examiner." (Petitioner's Appendix 8a)

A. No Such Admissions Of Insufficient Disclosure Were Found By The Courts Below.

Petitioner attempts to avoid the clear requirements of MPEP § 707.07(e), and the correct interpretation of its effect on the case at bar by the Federal Circuit, by arguing that certain admissions were allegedly made during the prosecution that somehow made inapplicable the clear requirements of the MPEP. The Federal Circuit had the prosecution history before it, as did the district court, and neither found any such admissions.

Petitioner argues, at page 4 of its Petition, that the patentee "unequivocably *admitted* the propriety of the Examiner's determination of insufficient disclosure" in his letter of March 14, 1960. A careful reading of this letter (Petitioner's Appendix 13a), in context, discloses *no* admis-

sion that there was anything defective about the disclosure of the parent application as originally filed in 1957. Rather, Halpern (the applicant in the original '196 parent application and the patentee herein) was referring only to the Amendment which he had filed on September 24, 1958 (in response to the Examiner's suggestion that reference could be made to "existing publications and patents which show known circuits" [See: Petitioner's Appendix 4a]), stating that the *Amendment* "did not clearly show that the additional information [contained therein] is not new but gives only technical substance to the original information [contained in the specification as originally filed]", and cancelling *from the Amendment* any new matter contained therein.

As correctly stated by the Court of Appeals for the Federal Circuit in its opinion herein:

> "A patent applicant need not include in the specification that which is already known to and available to the public. (citations omitted) Thus, in examining the '196 parent, the examiner had invited [the patentee] to refer to published circuits and commercially available items that performed the function of [the patentee's] boxes. Such added subject matter, to the extent that it is not "new matter," does not deprive the applicant of the original filing date. (citations omitted)" (Petitioner's Appendix 11a)

Petitioner's mischaracterization of the April 14, 1960 letter is misleading with respect to the import and meaning of the patentee's statements contained therein, and totally ignores the fact that *neither* of the courts below found this

letter to constitute any sort of admission regarding the alleged insufficiency of the original disclosure.[1]

Similarly, Petitioner mischaracterizes the alleged "admission by patentee's attorneys" contained in their request for extension of time dated April 12, 1963. (Petition, at p. 6) As explained by the Court of Appeals for the Federal Circuit, the patent examiner had previously *withdrawn* his rejection for insuffiency of disclosure in his third office action dated August 25, 1961 and had also required an election between the three inventions disclosed in the application. (Petitioner's Appendix 5a, 8a) In response, Halpern elected the claims to the ticket (Petitioner's Appendix 6a) and when the examiner rejected those claims, Halpern's attorney rewrote the claims to the ticket and then took an appeal from their rejection. (Petitioner's Appendix 6a) Thus, at the time that the patentee's attorneys requested an extension of time to file an appeal brief, the case had been restricted to the '196 parent claims *on the ticket* (the rejections of which were being appealed), and the statements alleged to be "admissions" had absolutely no bearing whatsoever on the *machine* claims of the '300 patent in suit.

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[1] While the Petitioner states, at page 4 of its Petition, footnote 4, that "[t]he letter . . . was not referenced in the opinion of the Federal Circuit", thereby impiying that it was somehow overlooked or ignored by the Federal Circuit even though it had been "reviewed and considered by the district court", *that statement is false.* The letter *was* specifically *discussed* by the Federal Circuit, albeit referenced as having been filed on March 7, 1960 (as reflected by the date stamp thereon by the mailroom at the U.S. Patent Office), a fact of which Petitioner is undoubtedly aware. (See: Petitioner's Appendix 5a)

B. No Conflict Exists Between The Decision Of The Federal Circuit And Earlier Authorities.

While Petitioner argues the alleged conflict between the decision of the Federal Circuit and various earlier authorities, a careful reading of the decision herein clearly establishes that no such conflict exists. (Petitioner's Appendix 7a to 10a) In the course of its well-reasoned "Analysis", the Federal Circuit properly cited the authorities which support its decision and explained why the cases upon which the district court relied should be distinguished. (*Id.*) Respondent adopts and incorporates herein the "Analysis" of the Federal Circuit as a correct discussion of the applicable authorities.

II. Petitioner Seeks An Advisory Opinion On An Issue That Is Not Yet Ripe.

Contrary to Petitioner's arguments under Question "2" herein, the decision of the Federal Circuit, in reversing the grant of summary judgment by the district court below, did not in any way turn upon its differentiation (or lack thereof) between the disclosure requirements under 35 U.S.C. section 112 and those under 35 U.S.C. sections 102(b) and (d). While the Federal Circuit noted that support for claims as required by section 112 is a question of law, it also recognized that the issue is dependent upon underlying factual and legal findings which had not been made by the district court and, thus, expressly *declined* to decide the issue "ab initio". (Petitioner's Appendix 10a) Thus, the second question presented by Petitioner, as Question "2" on page 6 of its Petition herein, is not of sufficient importance to justify review by this Court, especially since it seeks an advisory opinion from this Court on an issue that is not yet ripe.

Should this Court elect to review the issue raised in Question 2, it is noted that the discussion of the Court of Appeals for the Federal Circuit, at Petitioner's Appendix 10a to 12a, is clearly correct and Respondent stands on that discussion.

———o———

CONCLUSION

The Petition for a Writ of Certiorari should be denied. The petition raises no issue of the type described in Supreme Court Rule 17 as worthy of consideration by this Court and no special and important reason to take this Court's time.

DATE: February 25, 1987.

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IN THE

Supreme Court of the United States

October Term, 1986

Supreme Court, U.S.
FILED
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CLERK

BAY AREA RAPID TRANSIT SYSTEM,
Petitioner,

vs.

PAPERLESS ACCOUNTING, INC.,
Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

PETITIONER'S REPLY TO OPPOSITION

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REPLY BRIEF BY PETITIONER

Petitioner BAY AREA RAPID TRANSIT SYSTEM submits the following brief in reply to Respondent's Brief in Opposition filed in reference to the above-captioned appeal:

I. PETITIONER HAS ACCURATELY CITED THE PROSECUTION HISTORY OF THE '300 PATENT

Respondent contends that the Petition for Certiorari mischaracterizes the prosecution history of the '300 Patent. Such a suggestion is simply a device designed to divert the attention of this honorable Court away from the issues at hand.

In fact, petitioner has literally quoted the prosecution history and has appended the full text of the documents discussed to the Petition. There has been no miscitation or out-of-context interpretation by petitioner of the material contained in the prosecution history. In contrast, it is respondent which has exhibited reticence to address the acquiescent statements and admissions contained in the prosecution history. Further, respondent has mischaracterized the context of the statements contained in the patent filed as more fully appears below.

II. THE DISTRICT COURT'S DECISION WAS BASED UPON A FULL REVIEW OF THE PROSECUTION HISTORY

Respondent next contends that the district court did not rely upon the acquiescent conduct referenced in the Petition herein in rendering its decision. Instead, respondent argues[1], the district court based its decisions *solely* on the patentee's filing of a Continuation-In-Part Application.

Respondent is entirely incorrect in its limited assessment of the district court's ruling. The written order granting plaintiff's motion for reconsideration and affirming the court's previous order granting defendant's motion for summary judgment very clearly provides that the district court's final decision was based:

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[1]In support of such argument, respondent cites one of many erroneous conclusions made in the Federal Circuit decision herein.

> Upon further review of the record and the points and authorities, documents and papers filed in connection with this motion, and . . . all the pleadings filed to date . . . .*See* Appendix to Petition, at p. 2a.

The file prosecution history of the '300 Patent was most certainly included as part of the pleadings filed with the district court, as were extensive memoranda of points and authorities and declarations, which taken together elucidated the very same instances of admission and acquiescence that have been argued before the district court, the Federal Circuit Court of Appeals, and this honorable Court[2].

Notably, respondent focuses exclusively upon the erroneous decision of the Federal Circuit when arguing the limitations of the district court decision. No such limitations appear in the record of the district court itself. As stated above, the district court's holding was based upon a finding of acquiescence upon thorough review of the patent file history and the pleadings and declarations interpreting or applying the same. Even the Federal Circuit conceded that the patent file history was uncontroverted and represents, in its entirety, undisputed statements of fact with respect to the issues raised in this litigation. The Federal Circuit's refusal to assign significance to the numerous critical admissions and specific instances of acquiescence reflected in the patent file provides one of the premises of this appeal[3].

For example, the patentee's admission that the 1958 amendment to the '196 Application sought to add large amounts of new matter, in conjunction with his cancellation of that new matter, in conjunction with the later filing of the '529 Continuation-In-Part Application, clearly indicated his acquiescence in the Patent

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[2]Attached as an appendix to this reply brief are the Table of Contents of (1) petitioner's Motion for Summary Judgment (*See* Appendix at p. 1b), and (2) petitioner's opposition to plaintiff's motion for reconsideration (*See* Appendix at p. 2b). Unquestionably, the district court was fully apprised of the instances of acquiescent conduct discussed at length in the Petition before this honorable Court.

[3]The Federal Circuit's error stems from both misapplication of law and a failure to consider pertinent undisputed facts evidencing acquiescence.

Office's determination that the '196 Application was insufficient. Such was the holding of the district court, which holding was consistent with the previous pronouncements of this honorable Court as is set forth in detail in the Petition herein. Yet, the Federal Circuit *ignored* the very same admissions and acquiescence. Respondent's Brief in Opposition does *nothing* to address or explain away the defects in the Federal Circuit opinion[4].

III. THE DISTRICT COURT'S FINDING OF ACQUIESCENCE PERTAINS SPECIFICALLY TO THE EXAMINER'S DETERMINATION OF INSUFFICIENT DISCLOSURE.

Respondent next argues that the district court's finding of "acquiescence in and compliance with the Examiner's position on the inadequacy of the Patent Application's disclosure" related only to the Fifth Office Action, which was limited in scope to the claims relating to the ticket. Such a construction confounds the language of both the district court's order and the Fifth Office Action.

The Fifth Office Action, which admittedly concerns the ticket only, contains a rejection based on the fact that Claims 41 and 42 of the Application were unpatentable over the prior art. The Fifth Office Action did not relate to the sufficiency of disclosure; therefore, it is clear that the district court's finding with respect to acquiescence in and compliance with the Examiner's position on the "inadequacy of disclosure" related to the earlier office actions and the determinations of insufficient disclosure therein, which inadequacies were conceded in the patentee's March 14, 1960 Letter of Admission and by his filing of a Continuation-In-Part Application which included the earlier rejected new matter.

IV. THE MARCH 14, 1960 LETTER CONCEDED THE VALIDITY OF THE EXAMINER'S REJECTIONS

Respondent next suggests that the March 14, 1960 letter filed by the patentee with the Patent Office "discloses no admissions

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[4]Respondent baldly suggests there is no conflict between the decision of the Federal Circuit and the previous pronouncements of this Court. That posture is notably bereft of cited authority or legal analysis.

that there is anything defective'' with respect to the '196 Application. Such a suggestion is entirely antithetical to the express terms of the letter, for at least the following reasons:

1. The letter specifically describes its purpose as ''rectify [ing] the defects pointed out by the Office Action dated September 4, 59 [the Second Office Action].'' (*See* Appendix to Petition, at p. 13a);

2. The letter states that the amendatory ''new'' matter was ''admittedly defect.'' (*See* Appendix to Petition, at p. 13a); and

3. In an enclosure with the March 14, 1980 letter, patentee admitted that the matter which he had added to cure the disclosure deficiencies was new and should be cancelled. (*See* Appendix to Petition, at pp. 20a-21a).

The March 14, 1960 letter was formally introduced by the applicant into the Patent Office file *after* insufficient disclosure and new matter rejections were proffered by the Patent Examiner. The juxtaposition of these interactions between patentee and the Patent Examiner most conclusively establishes patentee's acquiescence in the previous rulings. Respondent's suggestion that the March 14, 1960 Letter of Admission related only to the September 24, 1958 Amendment rather than to the entire '196 Application (of which the Amendment was a part) is ludicrous.

V. PATENTEE'S ATTORNEYS' ADMISSIONS EXHIBITED ACQUIESCENCE IN THE EXAMINER'S FINDINGS OF INSUFFICIENT DISCLOSURE.

Respondent next questions whether the admissions in the April 12, 1963 letter from patentee's attorneys to the Patent Office related only to the ticket claims of the invention, as opposed to the '196 Application as a whole. Such a suggestion is contradicted by the fact that the patentee's '529 Continuation-In-Part Application referenced in the attorneys' letter included claims for the entire machine, and was *not* limited to the ticket. Moreover, even if the attorneys' admissions related only to the ticket claims, said admissions constitute confirmation that the '196 Application, as of April 12, 1963, was not full and complete as required by 35 U.S.C. § 112. Consequently, the fact that patentee's claims were rejected as an old combination which drew upon the prior

art, constitutes yet another rejection for the applicant's failure to comply with the certainty, definiteness and precision requirements of Section 112. *Radio Steel & Mfg. Co. v. MTD Products, Inc.*, 731 F.2d 840, 845 (Fed Cir. 1984). Thus, regardless of the construction placed upon the attorneys' letter, it most definitely evidences acquiescence in the Patent Examiner's finding of insufficient disclosure.

VI. THE FEDERAL CIRCUIT WAS IN ERROR IN ITS FAILURE TO DIFFERENTIATE BETWEEN THE NECESSARY DESCRIPTIONS UNDER SECTIONS 102 AND 112; THE ISSUE IS RIPE FOR INTERVENTION BY THIS COURT.

Finally, respondent contends the issue presented in Question 2 of the Petition with respect to the existence of a double standard in the description requirements under Sections 102 and 112, is unripe and should not be considered by the Court. Respondent argues that the Federal Circuit decision "did not in any way turn upon its differentiation (or lack thereof) between the disclosure requirements under 35 U.S.C. § 112 and those under 35 U.S.C. § 102(b) and (d)." However, respondent's cavalier statement in that regard cannot be reconciled with the following excerpt from the Federal Circuit decision:

> [I]f any claim of the '300 Patent is determined to be limited to the filing date of the '529 CIP on the basis that the disclosures of the '196 parent is insufficient to support such claim, a corresponding foreign publication that is substantially the same is also insufficient to anticipate such claim under § 102(b).

See Appendix to Petition, at p. 12a.

The Federal Circuit decision concluded that the foreign patents, which are similar from a disclosure standpoint to the disclosures of the '196 Application, cannot anticipate patent claims based on the same disclosure. The court held that:

> Even if the claimed invention is disclosed in a printed publication, that disclosure will not suffice as prior art if it was not enabling.

See Appendix to Petition, at p. 11a.

Therefore, the Federal Circuit clearly *did* import the en-abling requirement prescribed by Section 112 to the requirements for anticipatory reference under Section 102, and based its conclusions in part upon that assumption. Moreover, the Federal Circuit has directed the district court (and, presumably, all district courts of the United States) to apply its erroneous standard in all subsequent proceedings in this and other actions involving issues of patent validity. Applying the Federal Circuit's erroneous ruling to the case at bar would result in a clear violation of prevailing decisional law regardless of the manner in which the claims to the '300 Patent are found to be unsupported by the '196 Application.

VII. CONCLUSION

Respondent attempts to discourage the grant of certiorari by this Court through repeated recitation of the erroneous conclusions stated in the Federal Circuit opinion, while conveniently avoiding reference to statutory or decisional law, or the holding of the district court, which collectively support petitioner's claim that the Federal Circuit's opinion was in error.

Dated: March 10, 1987

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